



February 3, 2006

NTU Provides Comments to FCC on Rules Governing the Awarding of New Cable Franchises

Dear FCC Commissioners:

For over 35 years, the National Taxpayers Union (NTU) has been helping to educate the public, the media, and elected officials about the merits of limited government and low taxes. It is with that same concern for the American taxpayer that we at NTU wish to address the problems created by today's outdated franchising process (Re: Docket 05-311).

The rules that serve to constrict the spread of innovative video services were written during the Nixon Administration. The Vietnam War was winding down, *All in the Family* was the No. 1 show on television, and if you wanted to make a telephone call, chances are you were renting your phone from the only phone company in town. But in today's era of high-speed Internet and wireless phones, we are still playing by rules written when mimeographs and teletypes were widely used.

Technology today has progressed to the point where firms have the ability to offer consumers new products and video services to compete with traditional cable venues. To do so, however, new entrants must negotiate more than 33,000 separate contracts, with each and every town across America. Cable companies, which were small and locally owned at the time, tackled these initial franchises decades ago, while new entrants to the market must now slowly wade through a thicket of negotiations that end up delaying consumer access to new services.

All too often, some local franchising authorities (LFAs) view potential video-services providers merely as bearers of treasure chests waiting to be plundered. As *The Wall Street Journal* reported on Oct. 28, 2005, some LFAs are demanding funds for wildflowers and video hookups for Christmas celebrations. One town even wants a free television for every church within the city limits.

These extortionist actions run counter to Section 621(a), under which the FCC has the authority to prevent unreasonable demands that stand in the way of competitive franchises. While NTU would prefer that the federal government completely relinquish regulatory control over telecommunications services and allow a free market to flourish, we urge you to use this authority to prohibit these unfair tactics. We do believe the FCC should step in to restrain local governments that act against liberalizing regulations and the best interests of consumers. After all, these issues do involve interstate commerce and should fall under the jurisdiction of the FCC.

Now it is time for the FCC to make sure that the will of Congress and the American people is carried out. By expediting the franchising process and stopping abuses by local authorities, you can ensure that consumers enjoy the benefits of competition that are sorely lacking from the video services market: lower prices, better service, and access to new technologies and offerings.

Sincerely,

A handwritten signature in black ink, appearing to read "John Berthoud", is written over a horizontal line.

John Berthoud
President